

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of

Truth-In-Billing and  
Billing Format

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CC Docket No. 98-170

**REPLY COMMENTS OF THE  
AMERICAN PUBLIC COMMUNICATIONS COUNCIL**

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The American Public Communications Council ("APCC") hereby submits its reply comments in response to the Commission's Notice of Proposed Rulemaking, CC Docket No. 98-170, released September 17, 1998 ("Notice"), in which the Commission proposes to establish requirements and standards for truth-in-billing and billing format. APCC is a national trade association representing over 3,000 independent providers of pay telephone equipment, services, and facilities. APCC seeks to promote competitive markets and high standards of service for pay telephones.

**I. CONSUMERS NEED FULL AND NON-MISLEADING DETAILS  
ON ALL CHARGES THAT APPEAR ON THEIR BILLS IN ORDER  
TO MAKE INFORMED CHOICES**

As the Commission's Notice aptly notes, in order for consumers to reap the benefits of a competitive telecommunications market, they need adequate information about the services they receive and the alternatives available to them. Notice at ¶13. Independent studies conducted by New Network Institute ("NNI") in 1993 and 1995 claim that "0% of consumers [regardless of income, age, or residence] can correctly answer basic questions

about the charges on the phonebill, including simple questions about the price of a service or whether they were even paying specific charges, such as the FCC Subscriber Line Charge.” NNI at 2. Numerous parties agree with APCC that the Commission should require full and non-misleading details in customer bills regarding line item charges that purport to recover carrier costs for federally mandated charges such as PICC, universal service, and payphone compensation. In particular, several state commissions and other parties agree that carriers should not be allowed to apply these “pass-through” charges while failing to disclose offsetting reductions in per-minute access charges. Public Utility Commission of Texas at 10-11; Public Service Commission of Wisconsin at 5; Bills Project at 6th unnumbered page; Small Business Alliance for Fair Utility Regulation at 14.

## **II. THE COMMISSION SHOULD IMPLEMENT TRUTH-IN-BILLING REQUIREMENTS DESIGNED TO ALLEVIATE CONSUMER CONFUSION AND DETER CARRIER BILLING ABUSES**

Changes in the Commission’s access charge system and implementation of a universal service support system, as well as a new system of payphone compensation, have resulted in certain new charges being assessed on interexchange carriers (“IXCs”), while other charges formerly assessed on IXCs have been reduced or eliminated. As APCC stated in its comments in this proceeding, there has been a great deal of consumer confusion regarding the various new line item charges that IXCs have begun to list on customer bills allegedly to “pass through” their new costs. Consumers are unclear about what these line item charges are actually for, and whether they are really necessary to recover IXCs’ new costs. Indeed as NNI points out in its comments, “[o]ne of the most asked questions about phone service is the simple question — [w]hy are there all these charges in the first

place and [h]ow much money does the phone company make from all these charges?” NNI at 8. In addition, as the Commission notes, these line items charges are frequently identified incorrectly, and their descriptions often suggest that they are mandated by federal law. Notice at ¶25. Although some carriers have provided details of these line item charges to their customers, the details have often not gone nearly far enough to identify the reason for the charges and who exactly is imposing them.

Even the customer bill attached to Sprint’s comments, which Sprint claims is nonmisleading, is less than informative. It states that “[r]ecent FCC decisions have changed the way long distance carriers are charged for access to local networks, and have also increased the long distance carriers’ contributions to the Universal Service Fund.” See, Attachment A to Sprint Comments. By stating in the notice only that recent Commission decisions have “changed” the way IXCs pay for access, Sprint is only telling its customers part of the story. While it is true that the Commission “changed” the access charge system, the key aspect of the change was an overall *reduction* in IXCs’ access charges. When introduced in connection with “new line item charge” and without further details, the language in Sprint’s notice implies, and the reader naturally infers, that the Commission’s decisions about access charges caused an *increase* in IXCs access charge costs, when the converse is actually true. In addition, by making a vague comment about the Commission “changing” IXCs’ access charges, and linking it to an increase in universal service contributions, the reader cannot help but assume that both actions have caused an increase in the IXCs’ costs for *both* access and universal service contributions. After all, if the changes in the IXCs access charge costs went *down* rather than up, why would there be any need for a new line item charge to recover a non-existent expense?

In addition, Sprint's description of its Presubscribed Line Charge as a "new per-line charge" does not explain to its customers that while the charge is theoretically "new," it is in fact a flat-rate access charge that *replaced* the per-minute access charge that IXCs had previously been required to pay. Essentially, Sprint fails to let its customers know that the "new" charge's effect on the IXC is actually a wash in light of the old charge.

MCI Worldcom ("MCI") argues that regulation of billing recovery of federally mandated charges is unnecessary because "in competitive markets, such as the long distance industry . . . "[c]arriers that attempt to collect more than is required face losing their customers to alternative providers." MCI at 36. In order for competitive markets to work, however, consumers must have adequate information on their bills, enabling them to determine what the charges mean and whether or not they are being overbilled for carrier recovery of federally mandated costs.

Frontier Corporation ("Frontier"), on the other hand, claims that the economic effects of universal service and payphone charges mandated by the Telecommunications Act of 1996 leaves IXCs "no choice but to pass these costs through to their end-user customers." Frontier at 7. But where – as in the "payphone surcharge" context -- costs have been offset by access charge reductions or other cost recovery, IXCs can and should disclose these offsetting reductions, and should not use "pass-through" as an excuse to overcharge their customers.

As APCC stressed in its comments, billing a consumer for an amount identified as attributable to a particular cost while charging more than the actual cost incurred is an unreasonable practice. Notice at ¶31. Other commenters, such as the National Consumer League ("NCL"), the National Association of State Utility Consumer Advocates ("NASUCA") and the Small Business Alliance for Fair Utility Regulation ("Small Business

Alliance”) urge the Commission to implement requirements that ensure that a customer’s charges accurately reflect the carrier’s proportionate costs for that customer, so that consumers will not be overcharged. NCL at 8; NASUCA at 4, 19; Small Business Alliance at 14.

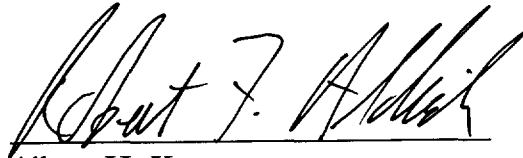
For these reasons, the Commission should require carriers to explain in a complete, accurate, and meaningful manner not only all separate line items charges that appear on their customers’ bills, but also how those rates were derived, so that customers will have the information they need to make informed decisions and do not pay more than their fair share of cost recovery. In addition, IXC’s that include a separate line item on their bills – such as a payphone surcharge – that allegedly recovers federally mandated costs should be required to disclose and explain both the offsetting reduction in their access charge costs and the other ways in which they are recovering their costs. Other commenters specifically support requiring carriers to explain off-setting reductions in access charge costs. *See, e.g.* Bills Project at 6<sup>th</sup> unnumbered page; Small Business Alliance at 14; Public Utility Commission of Texas at 10-11.

## CONCLUSION

The Commission should adopt truth-in-billing requirements that provide consumers with complete, meaningful and non-misleading information about new carrier charges that allegedly recover federally imposed costs.

December 16, 1998

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Robert F. Aldrich", written over a horizontal line.

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**CERTIFICATE OF SERVICE**

I hereby certify that on this 16<sup>th</sup> day of December, 1998, a copy of the foregoing Reply Comments filed by the American Public Communications Council in the above-captioned proceeding were sent by U.S. Mail, first-class, postage-prepaid to each of the following at the addresses indicated:

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Valerie M. Furman